

LEGISLATURE OF NEBRASKA  
NINETY-NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 704**

Introduced by McDonald, 41; Burling, 33; Kremer, 34

Read first time January 19, 2005

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities  
2 Support Act; to amend section 79-1008.01, Revised  
3 Statutes Supplement, 2004; to change provisions relating  
4 to equalization aid; to harmonize provisions; and to  
5 repeal the original section.  
6 Be it enacted by the people of the State of Nebraska,

1                   Section 1.           Section 79-1008.01, Revised Statutes  
2 Supplement, 2004, is amended to read:

3                   79-1008.01.   (1) Except as provided in ~~subsection (2)~~  
4 subsections (2) and (3) of this section and sections 79-1008.02 to  
5 79-1010, each local system shall receive equalization aid in the  
6 amount that the total formula need of each local system, as  
7 determined pursuant to sections 79-1007.01 and 79-1007.02, exceeds  
8 its total formula resources as determined pursuant to sections  
9 79-1015.01 to 79-1018.01.

10                  (2) Except as provided in section 79-1008.02, a local  
11 system shall not receive state aid, excluding net option funding  
12 received for converted contract option students, for any school  
13 fiscal year, except school fiscal years 2002-03 through 2007-08,  
14 which is less than an amount equal to the difference of eighty-five  
15 percent of the amount of aid certified in the preceding school  
16 fiscal year minus an amount equal to any increase in the adjusted  
17 valuation between the adjusted valuation used for the certification  
18 of aid in the preceding school fiscal year and the adjusted  
19 valuation used for the aid being calculated multiplied by the  
20 maximum levy, for the school fiscal year for which aid is being  
21 certified, pursuant to subdivision (2)(a) of section 77-3442  
22 without a vote pursuant to section 77-3444.

23                  (3) Except as provided in section 79-1008.02, a local  
24 system shall not receive state aid, excluding net option funding  
25 received for converted contract option students, for school fiscal  
26 years 2002-03 through 2007-08 which is less than an amount equal to  
27 the difference of eighty-three and three-fourths percent of the  
28 amount of aid certified in the preceding school fiscal year minus

1 an amount equal to any increase in the adjusted valuation between  
2 the adjusted valuation used for the certification of aid in the  
3 preceding school fiscal year and the adjusted valuation used for  
4 the aid being calculated multiplied by the maximum levy, for the  
5 school fiscal year for which aid is being certified, pursuant to  
6 subdivision (2)(a) of section 77-3442 without a vote pursuant to  
7 section 77-3444.

8 (4) Except as provided in subsection (2) of this section,  
9 no local system may receive equalization aid such that, when total  
10 aid is added to a levy equal to the maximum levy, for the school  
11 fiscal year for which aid is being certified, pursuant to  
12 subdivision (2)(a) of section 77-3442 without a vote pursuant to  
13 section 77-3444, less ten cents, multiplied by the local system's  
14 adjusted valuation, would result in total local system revenue from  
15 state aid plus property tax receipts which exceeds the total of:

16 (a) The sum of state aid, receipts from other school  
17 districts related to annexation, and property tax receipts received  
18 by the local system during the preceding school fiscal year  
19 multiplied by the total of (i) 1.01 plus (ii) the applicable  
20 allowable growth rate for the local system calculated pursuant to  
21 section 79-1026 as determined for the school fiscal year  
22 immediately preceding the school fiscal year when aid is to be  
23 distributed plus (iii) the percentage growth in formula students  
24 from the certification of state aid for the immediately preceding  
25 school fiscal year to the formula students for the certification of  
26 state aid for the current school fiscal year, except that the  
27 percentage growth shall not be less than zero;

28 (b) Unused budget authority authorized pursuant to

1 section 79-1030;

2 (c) The difference between the other actual receipts  
3 included in local system formula resources for the certification of  
4 state aid in the preceding school fiscal year and other actual  
5 receipts included in local system formula resources for the  
6 certification of state aid for the current school fiscal year,  
7 except that such difference shall not be less than zero; and

8 (d) The absolute value of any negative prior year  
9 adjustment pursuant to section 79-1065.

10 For local systems that have reorganized, state aid,  
11 property tax receipts, and number of formula students shall be  
12 attributed based on valuation. The revenue from property tax  
13 receipts shall be calculated by multiplying the reported general  
14 fund common levy by the assessed valuation subject to the levy  
15 divided by one hundred.

16 (5) For all school fiscal years except school fiscal  
17 years 2002-03 through 2007-08, the aid that is not distributed  
18 through equalization based on subsection (4) of this section shall  
19 be distributed through this subsection. Local systems qualify for  
20 distribution under this subsection if they have nine hundred or  
21 less formula students and adjusted general fund operating  
22 expenditures per formula student less than the average for all  
23 local systems with nine hundred or less formula students. The aid  
24 shall be distributed proportionally to qualifying districts based  
25 on the dollar amount each local system's calculated state aid plus  
26 the product of a levy of one dollar multiplied by the assessed  
27 valuation divided by one hundred is below ninety percent of state  
28 aid plus property tax receipts received by the local system during

1 the preceding school fiscal year. No system shall receive aid  
2 pursuant to this subsection such that the calculated state aid plus  
3 the product of a levy of one dollar multiplied by the assessed  
4 valuation divided by one hundred is ninety percent or more of state  
5 aid plus property tax receipts received by the local system during  
6 the preceding school fiscal year. Any aid available for  
7 distribution pursuant to this subsection that is not distributed  
8 pursuant to this subsection shall be distributed as equalization  
9 aid.

10 (6) For school fiscal years 2002-03 through 2007-08, the  
11 aid that is not distributed through equalization based on  
12 subsection (3) of this section shall be distributed through this  
13 subsection. Local systems qualify for distribution under this  
14 subsection if they have nine hundred or less formula students and  
15 adjusted general fund operating expenditures per formula student  
16 less than the average for all local systems with nine hundred or  
17 less formula students. The aid shall be distributed proportionally  
18 to qualifying districts based on the dollar amount each local  
19 system's calculated state aid plus the product of a levy equal to  
20 the maximum levy, for the school fiscal year for which aid is being  
21 certified, pursuant to subdivision (2)(a) of section 77-3442  
22 without a vote pursuant to section 77-3444, multiplied by the  
23 assessed valuation is below eighty-eight and three-fourths percent  
24 of state aid plus property tax receipts received by the local  
25 system during the preceding school fiscal year. No system shall  
26 receive aid pursuant to this subsection such that the calculated  
27 state aid plus the product of a levy equal to the maximum levy, for  
28 the school fiscal year for which aid is being certified, pursuant

1 to subdivision (2)(a) of section 77-3442 without a vote pursuant to  
2 section 77-3444, multiplied by the assessed valuation is  
3 eighty-eight and three-fourths percent or more of state aid plus  
4 property tax receipts received by the local system during the  
5 preceding school fiscal year. Any aid available for distribution  
6 pursuant to this subsection that is not distributed pursuant to  
7 this subsection shall be distributed as equalization aid.

8           Sec. 2. Original section 79-1008.01, Revised Statutes  
9 Supplement, 2004, is repealed.